

Message Text

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PAGE 01 DOHA 00900 231223Z

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03

OPIC-03 XMB-02 PA-01 PRS-01 /099 W

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R 231105Z JUL 75

FM AMEMBASSY DOHA

TO SECSTATE WASHDC 719

INFO AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: ECRE, ENRG, QA

SUBJ: QATAR: LITTLE PROGRESS ON PROPOSED EXPORT REFINERY

1. ALMOST A YEAR AFTER FIRST PROPOSALS WERE SUBMITTED, GOQ STILL HAS NOT MOVED AHEAD ON PROPOSED 150,000 BPD EXPORT REFINERY. IN AUGUST, 1974 TEN ENGINEERING FIRMS SUBMITTED DESIGN PROPOSALS FOR GRASSROOTS REFINERY TO BE LOCATED AT UMM SAID, SOUTH OF DOHA. US FIRMS INCLUDED UOP, LUMMUS, FLUOR, KELLOGG AND FOSTER-WHEELER. AFTER SIX MONTHS OF INACTION, FIVE COMPANIES WERE ASKED TO SUBMIT NEW PRICES IN FEBRUARY, 1975. THESE WERE FLUOR, KELLOGG, UOP, CFP (FRANCE) AND SNAM PROGETTI (ITALIAN). ACCORDING TO MEMBER OF GOQ TENDER COMMITTEE, COMMITTEE HAGGLED OVER OFFERS UNTIL MAY WITHOUT REACHING A CONSENSUS. DECISION WAS THEN TAKEN TO REQUEST

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TWO SEPARATE STUDIES, ONE FOR DESIGN AND ONE FOR MARKETING.

WE UNDERSTAND COMPETITION FOR DESIGN STUDY IS BETWEEN TWO FIRMS, KELLOGG (US) AND SIMCAM (UK). FIRMS BEING CONSIDERED FOR MARKETING STUDY ARE UOP (US) AND BEICIP (FRANCE). A THIRD FIRM, CHEM SYSTEMS (US) HAS ALSO SUBMITTED PROPOSAL FOR MARKETING STUDY WHICH MAY BE RECEIVING CONSIDERATION. IN RECENT CONVERSATION WITH EMBOFF, GOQ OFFICIAL CONCERNED WITH REFINERY PROJECT SAID THAT FINAL SELECTION STILL PENDING, AND DECLINED TO SPECULATE WHEN DECISION MIGHT BE REACHED.

2. COMMENT: WE BEGINNING TO BELIEVE PROJECT WILL REMAIN IN SUSPENSE FOR FORESEEABLE FUTURE IF IT IS UNDERTAKEN AT ALL. QATARI OIL OFFICIALS HAVE SAID REPEATEDLY THAT REFINERY WOULD BE MONEY-MAKING PROPOSITION WITHIN FEW YEARS OF COMMISSIONING AND EVEN IF THIS NOT CASE, CONTROL OVER REFINING PROCESS HAS INTRINSIC VALUE THAT WOULD JUSTIFY POSSIBLE FINANCIAL LOSSES. IN SPITE OF SUCH STATEMENTS, HOWEVER, IT APPEARS CURRENT WORLDWIDE EXCESS REFINING CAPACITY AND QATAR'S DECLINING OIL REVENUES (SEPTELS) HAVE GIVEN GOQ PAUSE, AND UNLESS THESE CONDITIONS CHANGE, REFINERY PROJECT MAY BE "UNDER CONSIDERATION" INDEFINITELY.

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Margaret P. Grafeld
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